

BEFORE THE  
TENNESSEE STATE BOARD OF EQUALIZATION

*In Re:* Robert I. & Patsy I. Graham )  
Ward 83, Block 11, Parcel 13 ) Shelby County  
Residential Property )  
Tax year 2005 )

### INITIAL DECISION AND ORDER

### Statement of the Case

The Shelby County Board of Equalization ("county board") has valued the subject property for tax purposes as follows:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$21,000	\$95,500	\$116,500	\$29,125

On May 3, 2006, the property owners filed an appeal with the State Board of Equalization ("State Board").

The undersigned administrative judge conducted a hearing of this matter on August 1, 2006 in Memphis. In attendance at the hearing were the appellant, Robert Irwin Graham, and Shelby County Property Assessor's representative Chris Copeland.

### *Findings of Fact and Conclusions of Law*

The 0.60-acre parcel in question is located at the corner of South Glengarry Road and Scotland, in the Scenic Hills area of Memphis. Situated on this lot is a one-story, 2,114-square-foot frame house (with a carport) that was built in 1958. This home, which was extensively remodeled in the fall of 2004, was insured for \$92,000 at that time.

Shelby County underwent a county-wide reappraisal in 2005. As a result, the appraised value of the subject property rose from \$94,900 to \$116,500. Calling this 22.8% increase “exorbitant,” Mr. Graham contended that this property was only worth about \$102,500. The longtime Scenic Hills resident viewed his neighborhood as a declining one, recalling break-ins and thefts which he had personally experienced. Mr. Graham submitted a series of photographs showing the iron security devices that some neighbors had installed in their homes, as well as some unkempt properties in the vicinity. In addition, Mr. Graham introduced comparable sales information he had obtained from *Chandler Reports* and the Assessor’s office.

In defense of the disputed appraisal, the Assessor's representative relied on a sales comparison approach. Of the three comparables he selected from the five shown on the Assessor's "MK127" printout, Mr. Copeland placed most weight on 3132 Kirkcaldy Road. That slightly larger brick veneer home (with an attached garage) sold for \$130,000 in June, 2004.



Tenn. Code Ann. section 67-5-601(a) provides (in relevant part) that “[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values....”

Since the appellant seeks to change the present valuation of the subject property, he has the burden of proof in this administrative proceeding. State Board Rule 0600-1-.11(1).

Respectfully, while acknowledging Mr. Graham’s careful preparation of his case, the administrative judge finds insufficient justification for the appellant’s desired value. Many of his purported comparables were substantially larger than the subject house. As stated in an authoritative textbook, “[s]ale price per square foot usually decreases as square feet increase.” International Association of Assessing Officers, Property Appraisal and Assessment Administration (1990), p. 162. Some other transactions cited by the taxpayer were apparently foreclosure sales by governmental agencies or financial institutions. Such forced sales, of course, are commonly regarded as dubious indicators of market value.

Perhaps, as suggested by the appellant, Mr. Coleman’s lowest-priced comparable – a 1,911-square-foot frame dwelling at 3204 Canisbay – was really most similar to the property in question. Yet that house, though smaller than Mr. Graham’s and having less acreage, still brought \$97,300 almost 2.5 years before the January 1, 2005 reappraisal date. Appropriate size and time adjustments to that sale price would likely indicate a value close to the \$55.11-per-square-foot rate at which the subject house is currently appraised.

The amount of insurance coverage on a dwelling or other structure does not necessarily reflect its true value. Moreover, in this instance, that amount approximates the present valuation of the subject improvement (\$95,500).<sup>1</sup>

Finally, the State Board has consistently rejected complaints to the extent that they are predicated on the amount or percentage of increase in the appraised value of the property in question. See, e.g., E. B. Kissell, Jr. (Shelby County, Tax Years 1991 & 1992, Final Decision and Order, June 29, 1993).

#### Order

It is, therefore, ORDERED that the following values be adopted for tax year 2005:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$21,000	\$95,500	\$116,500	\$29,125

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of

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<sup>1</sup>The subject land, of course, would not be covered by the insurance policy.

the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **"must be filed within thirty (30) days from the date the initial decision is sent."** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **"identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order"**; or

2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 18<sup>th</sup> day of August, 2006.



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PETE LOESCH  
ADMINISTRATIVE JUDGE  
TENNESSEE DEPARTMENT OF STATE  
ADMINISTRATIVE PROCEDURES DIVISION

cc: Robert I. Graham  
Tameaka Stanton-Riley, Appeals Manager, Shelby County Assessor's Office

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